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April 14, 2006

VIA UPS

Ms. Stephanie Bell  
Secretary of the Commission  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

**RECEIVED**

**APR 17 2006**

**PUBLIC SERVICE  
COMMISSION**

Re: Pro Forma Internal Restructuring Involving XO Communications  
Services, Inc. – *Notice of Non-Consummation of Transaction*

Dear Ms. Bell:

On December 9, 2005, XO Communications Services, Inc. ("XOCS"), by its attorneys, notified the Commission of a pro forma internal corporate restructuring whereby Carl C. Icahn, who beneficially holds approximately 62% of the equity and voting interests in XOCS's parent, XO Communications, Inc. ("XO"), would obtain 100% ultimate ownership and control of XOCS. More specifically, it was anticipated that (1) XO would create a subsidiary, XO Holdings, Inc., which in turn would have a subsidiary, XO Communications, LLC ("XO LLC"). XO would merge with and into XO LLC with XO LLC surviving and becoming the new direct parent company of XOCS (the "Restructuring Merger"); and then, (2) Elk Associates LLC ("Elk") would acquire all of the outstanding member interests in XO LLC and thus, through his ownership and control of Elk, Carl C. Icahn would hold 100% of the outstanding membership interests of XO LLC. In other words, after the Restructuring Merger, Carl C. Icahn would indirectly hold approximately 62% of the interests in XOCS, and after the sale to Elk, Carl C. Icahn would indirectly hold 100% of the interests in XOCS – remaining the ultimate majority owner of XOCS.

This letter is to advise the Commission that, although the Restructuring Merger (step 1) has been consummated, the sale to Elk (step 2) will *not* be consummated. As a result, although XOCS has a new direct corporate parent, XO LLC, and new ultimate parent, XO Holdings, Inc.,

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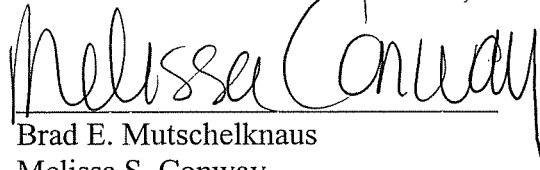
Ms. Stephanie Bell  
Kentucky Public Service Commission  
April 14, 2006  
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the ultimate ownership of XOCS has not changed. Carl C. Icahn continues to indirectly, beneficially hold approximately 62% of the equity and voting interests in XOCS. A diagram showing the corporate ownership structure of XOCS is appended hereto as Attachment 1.

As described in the notification, XOCS's ultimate ownership remains the same, its authorization to provide telecommunications services remains in place, and its customers will not be affected in any way as they will continue to be offered the same services by the same service provider with the same name at the same rates, terms and conditions as at present. XOCS submits this filing solely for the Commission's information and to keep its records current. Enclosed please find a duplicate of this letter and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should the Commission have any questions or believe that any further information is required, please contact Melissa Conway at (202) 955-9667.

Respectfully submitted,

XO COMMUNICATIONS SERVICES, INC.

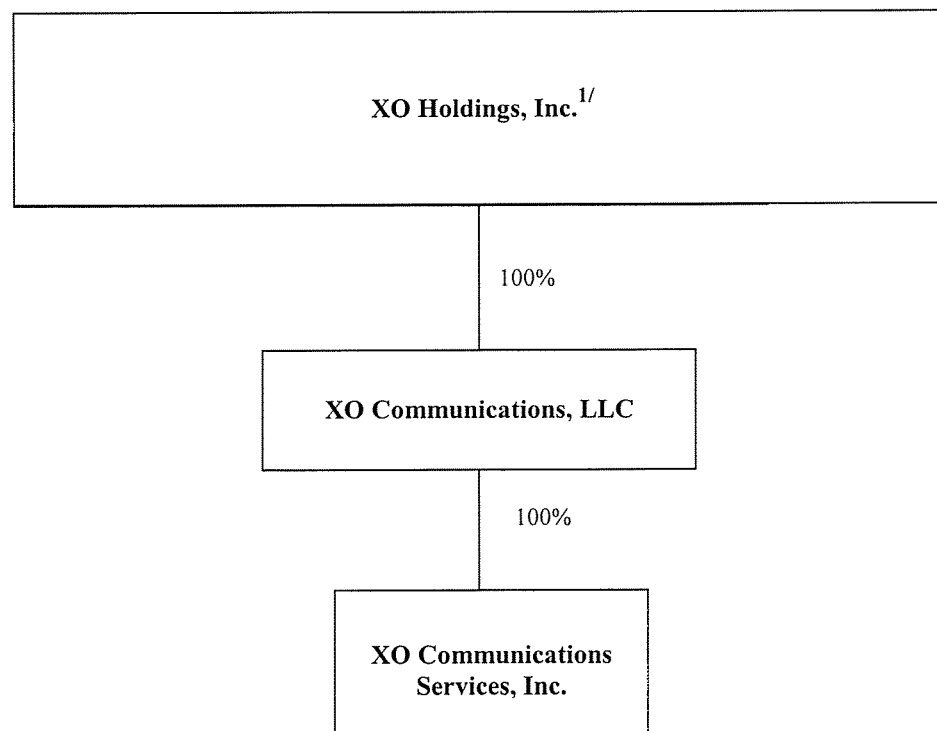
A handwritten signature in black ink that reads "Melissa Conway". The signature is written in a cursive style and is positioned above a horizontal line.

Brad E. Mutschelknaus  
Melissa S. Conway  
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Its Counsel

Attachment

**CURRENT OWNERSHIP STRUCTURE OF XOCS**  
**(AFTER CONSUMMATION OF RESTRUCTURING MERGER)**



<sup>1/</sup> Cardiff Holding LLC ("Cardiff") beneficially holds approximately 62% of the equity and voting interests in XO Holdings, Inc. Cardiff is indirectly, wholly owned and controlled by Carl C. Icahn through his ownership and control of various intermediary companies that hold ownership interests in Cardiff.